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The Monthly Report of Legislative Activity

Montana Legislative Council

SEPTEMBER 1991 HELENA, MONTANA Vol. VIII No. 4

JOINT INTERIM SUBCOMMITTEE ON MANDATED HEALTH INSURANCE BENEFITS

Organizing Session Sept. 13...The Joint Interim Subcommittee on Mandated Health Insurance Benefits will meet on Friday, Sept. 13, at 9:30 a.m. in Room 108 of the Capitol to elect officers, adopt a study plan, and schedule future activities.

COMMITTEE ON THE MONTANA STATE HOSPITAL AT GALEN AND WARM SPRINGS

Committee to Organize on Sept. 23...The first meeting of the Committee on the Montana State Hospital at Galen and Warm Springs will be held on Monday, Sept. 23, in Room 104 of the State Capitol from 9 a.m. until 4:30 p.m. Sen. Tom Keating will act as chairman until the Committee elects a permanent chairperson and vice chairperson. Agenda items tentatively scheduled for the morning session include a general overview of how mental health care and chemical dependency services evolved, consumers and their needs, and the mental health care system in Montana. In the afternoon the Committee is scheduled to cover funding sources and budgetary issues, receive an update on the lawsuit still pending against the state hospital, hear comments from interested persons, and discuss, revise, and adopt the Committee's study plan.

Objectives of Study...Charged with determining the future role of the Montana State Hospital as an institutional anchor for the delivery of mental health care and chemical dependency services in Montana, the Committee will address not only the infrastructure and alternative uses of the physical plants and staff

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resources of the Galen and Warm Springs campuses but also the integration of a system of mental health care that will include the state hospital and community-based mental health centers. The implications of the lawsuit recently filed against the state hospital and as the Department of Corrections and Human Services' proposed closure of the nursing home and hospital at Galen to comply with budget cuts requested by the Governor make the state hospital study timely and significant.

LEGISLATIVE FINANCE COMMITTEE

Budget Reductions...At its Sept. 9 meeting, the Legislative Finance Committee will hear a report from the Office of Budget and Program Planning concerning the Governor's budget reductions for the 1993 biennium. The Legislative Fiscal Analyst staff will present analyses of biennial revenue estimates and of the impacts of the budget reductions. The Committee will also hear reports on the Board of Investment's partnership in a mortgage loan servicing operation, an update on the men's pre-release center, and the university system's deferred compensation program.

LEGISLATIVE COUNCIL

Spending Cuts on Agenda...The Legislative Council will meet Friday, Sept. 13, in Room 132 of the Capitol. The preliminary agenda includes action on the administration's request for a plan to reduce expenditures, review of issues related to the copyright of the Montana Code Annotated, and a review of lessons learned in service to the last session. A review of proposals to bring interim committee and administration generated bill draft requests into the system earlier is included in the discussion of lessons learned. The Council will also consider old business not completed at the June meeting.

Interim Directory of Legislative Committees Available...The *Interim Directory of Legislative Committees* is now available through the Legislative Council. Each legislator will receive a copy soon. Lobbyists and other interested persons may obtain a copy at the Legislative Council office.

LIBRARY:

The staff is working toward completion of the copying onto microfiche of the minutes of the committees of the 52nd Legislature. Microfiche sets should be ready for sale by the end of September. Price has not yet been determined.

LEGAL DIVISION:

Codification...The final camera-ready copy for the 1991 Montana Code Annotated was delivered to the printer on Aug. 19. For the first time, the Legislative Council produced the camera-ready copy for the code. The contract requires completion of the printing and binding within 30 days. The code should be delivered to subscribers before the Oct. 1, 1991, general effective date for legislation. A great deal of effort and the sacrifice of summer went toward meeting the deadline.

Legal memorandums

- Restrictions on public positions legislators may hold
- Bonus payments
- Authority to reduce appropriations
- Authority to close Galen

Research Reports

- Criteria for State Legislative Redistricting
- A General Background Report on State and Local Taxation
- State-Tribal Taxation Agreements

COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS

Retirement Committee Meeting Date Not Set...The first meeting of the Committee on Public Employee Retirement Systems will be tentatively scheduled for the last week in October though no firm date has yet been set. The meeting will begin at 9 a.m. in Room 104 of the State Capitol. Sen. H.W. (Swede) Hammond will act as chairman until the Committee elects a chairperson and vice chairperson. Tentatively scheduled agenda items for the Committee's first meeting include a general overview of public pension issues, a brief background report summarizing the characteristics of each of Montana's public retirement systems, a review of relevant legislation passed by the 52nd Legislature and its impact on the retirement systems, a public hearing on public employee retirement issues, and a discussion of the key study questions to be addressed by the Committee.

To Review 12 Retirement Systems...The Committee on Public Employee

Retirement Systems was created by House Joint Resolution No. 50, which requests a review and comparison of the 12 public employee retirement systems described in Title 19, Montana Code Annotated, and assessment of the actuarial status of each system and of the impact of legislation on all the retirement systems. The Committee is also directed to develop recommendations for benefit changes to keep benefits current with the needs of members and recommendations for the efficient and equitable administration of the retirement systems.

Retirement Systems Have Huge Financial Impact...Legislative decisions regarding the retirement systems have a direct and lasting affect on public financial obligations, employee salaries, and the future welfare of public retirees. Assets of the employee retirement system are approaching $2 billion, the largest investment portfolio managed by the State Board of Investments. The combined funded and unfunded liabilities of the retirement systems approximate $4 to $5 billion dollars with some debts extending nearly 40 years. Recommendations affecting the retirement systems may have significant fiscal implications for the future.

JOINT INTERIM SUBCOMMITTEE ON SCHOOL FUNDING

Oct. 11 Meeting Set...The Joint Interim Subcommittee on School Funding will hold its organizational meeting Friday, Oct. 11, at 9 a.m. in Room 104, State Capitol. Sens. Bob Brown and Chet Blaylock are acting as co-chairpersons for the first meeting. The Subcommittee will evaluate and approve a proposed study plan and work schedule, discuss the recently-filed school funding lawsuit, and review school funding-related legislation of the past session.

JOINT INTERIM SUBCOMMITTEE ON CHILDREN AND FAMILIES

First Meeting Sept. 21...The Joint Interim Subcommittee on Children and Families will hold its organizational meeting Friday, Sept. 20, at 9 a.m. in Room 104, State Capitol. The acting chairperson for the meeting will be Sen. Dorothy Eck, and the first agenda item will be selection of a permanent chairperson for the committee. The main business of the day will be review and approval of a study plan and work schedule designed by staff. Interested persons will be invited to respond briefly to the proposed study plan and work schedule. The Subcommittee will also be briefed on recent legislation related to the study issues and on the Department of Family Services' plans for the biennium and beyond regarding programs and services for children and families.

Six Meetings Expected...The tentative study plan envisions six meetings, one of which may be a public forum on the study issues sponsored in part by the National Conference of State Legislatures. NCSL has offered to help with the study as part of its commitment to strengthening families that are vulnerable to crisis and improving the delivery of services to at-risk children and families.

REVENUE OVERSIGHT COMMITTEE

Committee Adopts HJR 55 Study Plan...At the Aug. 2 meeting of the Revenue Oversight Committee, the staff presented a report outlining some basic principles of state and local taxation. Jim Scott, Billings, distributed a study proposal (*A Proposal to Study the Montana Economy and State and Local Fiscal System*) submitted by KPGM Peat Marwick to the Montana Tax Reform Coalition.

Following discussion of the staff report and the Peat Marwick proposal, the Committee voted to adopt the HJR 55 study plan to study all aspects of taxation in Montana. The Committee also voted to develop a range of options related to taxation rather than specific recommendations for presentation to the 53rd Legislature. Finally, the Committee voted to form a subcommittee to review the HJR 55 study plan and the Peat Marwick proposal, meet with interested groups, and make recommendations to the full Committee regarding the course of the study. Committee members include Sen. Eck (chair), Sen. Crippen, Rep. Foster, and Rep. Harrington. The subcommittee will meet Sept. 17 in Helena.

FY 1991 Revenue Collections Lower than Projected...Terry Johnson, Office of Legislative Fiscal Analyst, reported that total general fund and state school equalization revenue collections for fiscal year 1991 were $11.1 and $30.4 million, respectively, below estimates contained in HJR 24 (the revenue estimating resolution adopted by the 1991 Legislature). Johnson said that personal income taxes, corporation income taxes, federal mineral royalties, and the statewide 40-mill school levy accounted for most of the shortfall. Total personal income taxes were $17.5 million below the amount anticipated by HJR 24 primarily because of a decrease in taxes paid on nonwage and salary income (unearned income and farm income). The reason for the decline is not known because statistical information on the components from this source will not be available until December. The report also shows that revenue from the 40-mill levy is 20 percent below the HJR 24 estimate. Some counties may not have transmitted the entire amount of the levy to the Department of Administration. If that is the case, the shortfall may be a one-time occurrence. The economic recession may account for lower than expected receipts from corporation taxes, while lower petroleum prices and less coal being mined on federal lands may account for the shortfall in federal royalties.

Budget Office Makes Analysis...Steve Yeakel, Director, Office of Budget and

Program Planning, told the Committee that the budget office is doing a detailed analysis of revenue sources and will make recommendations, including procedures for transmitting the 40-mill levy, in response to the shortfall.

Taxation on Indian Lands...The Committee staff presented two reports as part of HJR 53 resolution to study all aspects of taxation on Indian reservations in Montana. The first report was an update of Yakima County, WA, v. Confederated Tribes. The case, now before the U.S. Supreme Court, involves state taxation of reservation Indians and their land. The outcome of this case could significantly impact counties that have substantial land held in fee status by tribal members. The second report reviewed state and tribal tax agreements in other states. Minnesota has tax agreements with the Lower Sioux Indian Community on cigarette, motor vehicle, and liquor excise taxes as well as sales and use taxes. Oregon has cigarette tax agreements with two Indian reservations, while South Dakota has sales tax agreements with four Indian tribes. Denis Adams, Director, Department of Revenue, also reported on negotiations with the Fort Peck Tribes regarding the taxation of oil and gas, cigarettes, motor fuels, and liquor. The Department has held similar negotiations with the Fort Belknap Tribes.

ROC Invited to Conference...Ken Morrison, Department of Revenue, invited Committee members to attend the Western States Tax Administrators' Conference in Whitefish, Sept 8-11. The Committee voted to pay mileage only for members who attend the conference.

Other Topics...Other Committee business included:

- a report from DOR required by SB 1 (May 1990 Special Session) on the conversion of oil or gas nonworking interests to working interest for local government severance tax purposes;
- a summary of DOR litigation including: refund of taxes paid on federal retirement income before Davis v. Michigan; the constitutionality of the taxation of retirement income under SB 226; refund of property taxes paid under HB 703 (1989); refund of coal severance taxes to the Crow Indian Tribe; and a challenge to the legality of the new method of valuing heavy equipment;
- the results of the selective reappraisal in Great Falls required by SB 412; and
- a progress report on DOR statewide reappraisal cycle.

Oct. 4 Meeting Date...The next Revenue Oversight Committee meeting is scheduled for Oct. 4 at 9 a.m. in Room 104 of the Capitol.

ENVIRONMENTAL QUALITY COUNCIL

Work Plan Review...The Environmental Quality Council will meet at 9 a.m. Friday, Sept. 13, in room 104 of the Capitol. A principal agenda item is the review of the work plan developed by the 19-member energy policy study working group which met again on Aug. 23 to finalize the draft to be presented for modification and approval by the full EQC. Once the work plan is adopted, the full EQC will begin addressing the issues raised by HJR 31, which directs the Council to develop a comprehensive energy policy.

Lakeshore Study...Another major component of the Sept. 13 meeting is consideration of the lakeshore protection and development study mandated by HJR 17. The EQC will receive an overview and analysis of existing statutes, a summary of staff interviews with lakeshore homeowners and local officials, review of a survey to be sent to various interest groups, and a detailed study plan and timeline.

MEPA Strategies, Other Issues...The EQC will also consider detailed strategies for working with state agencies to more fully and effectively implement the Montana Environmental Policy Act (MEPA) and to develop a program for prioritizing environmental problems and assessing respective risks. Other agenda items include an update on forest management issues, particularly the status of best management practices audits, an update on implementation of solid waste legislation, and administrative issues, specifically the EQC's response to the governor's budget reduction request.

WATER POLICY COMMITTEE

Dam Safety Study to Begin...The Water Policy Committee will meet at 9 a.m. Friday, Sept. 20, in Room 108 of the Capitol. The Committee will begin its study of dam safety issues mandated by SB 313, enacted by the 1991 legislature. SB 313 requires the Committee to make recommendations of the acceptable degree of risk to public safety from high-hazard dams and appropriate allocation of responsibility for that risk among the public, government, and dam owners. The legislation also requires the Committee to recommend alternatives to managing the risk from high hazard dams in order to enhance opportunities for water storage.

Continuing Oversight Responsibility...The Committee will also discuss, as part of its ongoing oversight responsibility, the Montana Water Information System, the new Ground Water Data Management program, and the restructuring of the Water Research Center. The Committee will also receive a progress report on the current cycle of the state water plan, as well as an update on the water leasing study.

INTERIM CALENDAR

Sept. 2, Labor Day, holiday

Sept. 9, Legislative Finance Committee, Room 104

Sept. 13, Environmental Quality Council, Room 104

Sept. 13, Joint Interim Subcommittee on Mandated Health Insurance Benefits, Room 108, 9:30 a.m.

Sept. 13, Legislative Council, Room 132

Sept. 17, Subcommittee of Revenue Oversight Committee, Room 104

Sept. 18, Joint Committee on Post Secondary Education Policy and Budget, Room 104

Sept. 20, Joint Interim Subcommittee on Children and Families, Room 104, 9 a.m.

Sept. 20, Water Policy Committee (tentative)

Sept. 23, Committee on the Montana State Hospital at Galen and Warm Springs, Room 104

Sept. 27, Committee on Indian Affairs, Room 104

Oct. 4, Revenue Oversight Committee, Room 104

Oct. 11, Joint Interim Subcommittee on School Funding, Room 104, 9 a.m.

Oct. 14, Columbus Day, holiday

Nov. 5, Joint Select Committee on Workers' Compensation, Room 325, 9:30 a.m.

Nov. 11, Veterans Day, holiday

Nov. 18, Committee on the Montana State Hospital at Galen and Warm Springs, Room 104

Nov. 28, Thanksgiving Day, holiday

Dec. 6, Revenue Oversight Committee, Room 104

Dec. 25, Christmas, holiday

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Jan. 1, New Year's, holiday

Jan. 20, Martin Luther King day, holiday

Jan. 24, Revenue Oversight Committee, Room 104

Feb. 17, Lincoln's and Washington's birthdays, holiday

March 20, Revenue Oversight Committee, Room 104

May 15, Revenue Oversight Committee, Room 104

May 25, Memorial Day, holiday

July 4, Independence Day, holiday

July 10, Revenue Oversight Committee, Room 104

Sept. 7, Labor Day, holiday

Sept. 11, Revenue Oversight Committee, Room 104

Oct. 12, Columbus Day, holiday

Nov. 3, General Election day, holiday

Nov. 11, Veterans Day, holiday

Nov. 20 and 21, Revenue Oversight Committee, Room 104

Nov. 26, Thanksgiving Day, holiday

Dec. 25, Christmas Day, holiday

1993

Jan. 1, New Year's Day, holiday

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